



**AREAS OF UNDERDEVELOPMENT  
AND  
ECONOMIC GROWTH IN INDIA**

**G.GAYATHRI**

**II MBA. DEPARTMENT OF MANAGEMENT STUDIES  
ANNA UNIVERSITY REGIONAL CAMPUS, COIMBATORE**

**ABSTRACT:**

A study of this article was giving greatest importance to the area of under development in India. By detailed analysis problem of under development could be removed only by the economic growth. Thus this article was clearly explained about the reasons of under development and economic growth and its stages. It is also describe about the India current population details with their jobs. Finally article was concluded with the some of the suggestions to attain the balanced regional development in our country.

**Key words:** under development, economic growth, balanced regional development.

**OBJECTIVES:**

- To study the reasons of underdevelopment
- To know the under development areas in India
- To learn how to match the under developed area to developing area in our country
- To know the economic growth and its stages
- To learn the major problems in India

**INTRODUCTION**

India was under British rule for nearly two centuries. Indian culture, administration and economy were largely influenced by British. We cannot altogether denounce that the alien rule was total detrimental to India's economic progress. The little advancement at the time of independence was due to pioneering efforts of British Administrator combined with the zeal enthusiasm of few patriotic Indians. Though the British policy aimed at exploiting India's natural resources of the benefit of motherland, their administration ensured unity, security and safety, though not prosperity and plenty.

When India attained independence in the year 1947, Indian economy presented a dual picture of modernism on one side traditionalism on the other. We shall study on one plenty side and poverty and penury of the other. We shall study in detail about the condition of the Indian economy before the advent of the British and the economic transition of Indian during the British period and finally picture of dualism which was one of the features of underdevelopment.

**UNDERDEVELOPMENT**

The U.N experts defined an underdeveloped country as one "in which per capita real income is low when compared with the per capita real incomes of the USA, Canada, Australia and Western Europe". This definition, though indicates one of the important features of underdevelopment, viz., poverty is not wholly correct and adequate. The low per capita income is only one aspect of the complex problem of underdevelopment and comparison with the per capita income of other countries is only a relative measurement and this criterion is bound to arbitrary

Explanation of the term 'under development' should be viewed in its three dimensional aspects namely,

- (i) Incidence of poverty, ignorance and disease
- (ii) Mal distribution of national income
- (iii) Political and administration incompetence combined with social disorganization.

## CHARACTERISTICS

**Predominance to agriculture:** An under developed country is exclusively a primary producing economy. It will mainly depend upon the production of agricultural material a mineral industries will be mainly agro based. The share of primary sector larger in the national income of underdeveloped country.

There are some notable examples which expectations. Advanced countries like Denmark, Belgium, the Netherland and New Zealand are mainly agricultural countries with fairly primitive activity.

India is predominantly an agricultural country. The pressure of population on agriculture is very high. Nearly 40 percent income is derived from the agriculture. In spite of the fact that in India industrialization started long ago hardly 10 percent of the population is engaged in industry and most of the industries are only agro based industries like sugar, cotton, jute , textiles etc.

**Population pressure and unemployment:** Another feature of under developed countries is that they are in variability over populated. The size of the population in these countries is increasing faster rate than in advanced countries. The economic development of these countries is not capable of keeping pace with increased population.

Alarming increase in population , excessive pressure on land and poor industrial development have create a un employment problem which could not be solved successfully in spite of planning several decades. The number of job seekers in India is raising day after day and the problem of unemployment taking serious propotions.

Due to the population pressure, more persons are working on land than what is actually required and this is called disguised unemployment. This excess population does not contribute on productivity of land.

## MAJOR PROBLEMS IN INDIA:

1. **Water Resources:** flood control and maintenance, old irrigation systems and conjunctive use of surface and ground water in the irrigation systems.
2. **Improve infrastructure:** Indian companies on an average lose 30 days in obtaining an electricity connection, 15 days in clearing exports through customs and lose 7% of the value of their sales due to power outages.
3. **Raise basic educational quality:** The distribution of government funds is major hindrance of the education system
4. **Women Empowerment:** The cultural norms in India
5. **Poverty and population Explosion:** malnutrition, unemployment, homelessness and several others too and traditional fatalistic attitude imbibed in them.
6. **Privatization of sports sector:** The recognition module for our sportspersons is very weak & proper harvest, to manage and organize sports of entities andreckless management and governance.
7. **Health care Industries:** Establishing ourselves in manufacturing and distribution of medical equipment's, the cost of treatment and proper health care would affordable by already needy masses.
8. **Space technology:**the local Indian community is obsolete and stagnant ,the school going masses is not up to the mark and restricted to organizations like the ISRO.
9. **Improve environment quality:** maintenance
10. **Corruption in public life:** less income or to achieve certain objective.

11. **Balance of payment deterioration:** deterioration is the result of the overheating of the economy and supply cannot meet aggregate demand so consumers are sucking in imports.
12. **Restrictive Labour regulations:** number of strengths in the more advanced and complex drivers and competitiveness.

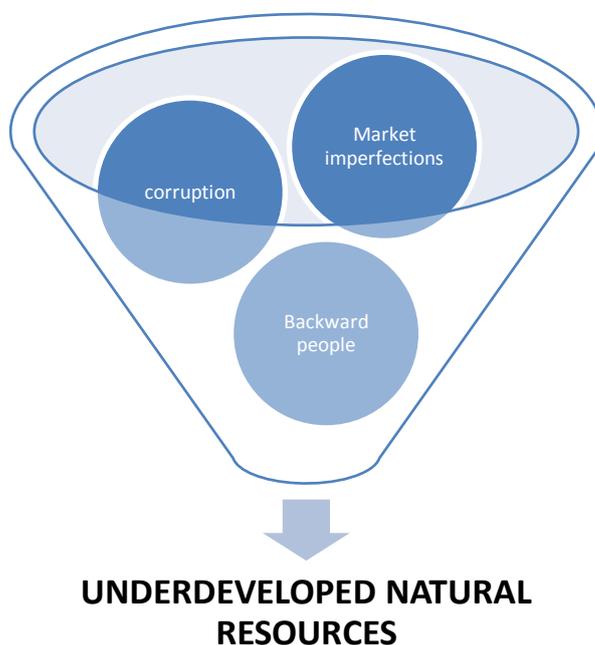
#### REASONS FOR UNDER DEVELOPMENT

**Vicious circle of poverty:** A vicious circle of poverty implies “A circular constellation of forces tending to act upon one another in such a way to keep a poor country in state of poverty. A country is poorer because there is not perfect way of income to the people those who are in extreme poor.

Following diagram clearly explains about the vicious circle of poverty



**Market imperfections:** Another important obstacle to economic development is market imperfections. Imperfections relate to immobility of factors price rigidity, ignorance of market frictions and impediments in the achievements of an optimum utilization of resources. Due to these market imperfections the efficiency of the production in the economy y becomes very low and country natural resources may remain unutilized or underutilized, the employment will be misdirected.



**Low rate of capital formation:** In the backward economy there will be deficiency in the capital and poor capital formation. The low rate of capital formation may results out on the vicious circle of poverty studied already. This poverty cause and consequence of country low capital formation.

**Socio cultural obstacles:** Apart from capital deficiency, in backward economies, there will be obstacles due to social and cultural attitude. The existing social institutions would create maximum resistance to economic development and social changes. Rigid stratifications of society and traditional belief, patterns of living concept of social dignity, loyalty to castes and ethnic group, regional identification etc.

**International forces:** A part from the above stated local obstacles, exposure of under developed economies to world trade has been resulted in destabilizing factors due to dis equalizing forces. The gains of international trade have gone mainly to developed countries and underdeveloped countries have become much improvised. The backward economies are seriously exposed themselves to international fluctuations and consequently they suffer due to cyclical instability and balance of payment difficulties

**Administrative incompetence and corruption:** Lately in many of the underdeveloped countries, administrative incompetence and appalling corruption have become major component in economic development. A well trained and honest dedicated administrative set up is very essential for proper economic development of the country.

**AREAS OF UNDERDEVELOPED AND DEVELOPING IN INDIA**

<b>Rank</b>	<b>State/U.T.</b>	<b>Poverty (% of people below poverty line)</b>
1	Goa	5.09
2	Kerala	7.05
3	Himachal Pradesh	8.06
4	Sikkim	8.19
5	Punjab	8.26
6	Andhra Pradesh *	9.20
7	Jammu and Kashmir	10.35
8	Haryana	11.16
9	Uttarakhand	11.26
10	Tamil Nadu	11.28
11	Meghalaya	11.87
12	Tripura	14.05
13	Rajasthan	14.71

Rank	State/U.T.	Poverty (% of people below poverty line)
14	Gujarat	16.63
15	Maharashtra	17.35
16	Nagaland	18.88
17	West Bengal	19.98
18	Mizoram	20.87
19	Karnataka	20.91
<b>**</b>	<b>All India Average</b>	<b>21.92</b>
20	Uttar Pradesh	29.43
21	Madhya Pradesh	31.65
22	Assam	31.98
23	Odisha	32.59
24	Bihar	33.74
25	Arunachal Pradesh	34.67
26	Manipur	36.89

Rank	State/U.T.	Poverty (% of people below poverty line)
27	Jharkhand	36.96
28	Chhattisgarh	39.93
U/T	Andaman and Nicobar Islands	1.00
U/T	Lakshadweep	2.77
U/T	Puducherry	9.69
U/T	Daman and Diu	9.86
U/T	Delhi	9.91
U/T	Chandigarh	21.81
U/T	Dadra and Nagar Haveli	39.31

**Note :**U/T = Union Territory.

#### **ECONOMIC GROWTH:**

Economic growth and Economic development make use of these two terms as interchangeable and also synonymous. But there are few writers who make specific distinctions between these two expressions and concept.

For a Layman, Economic development, Economic growth and Economic progress may mean the same thing.

In simple words economic growth is the process where by an economy's real national income increased over a long period of time.

Following are the some of the features of the economic growth.w

- i) It is a process leading to certain positive results in the economy
- ii) The process involves the working of certain forces which bring about changing in economy

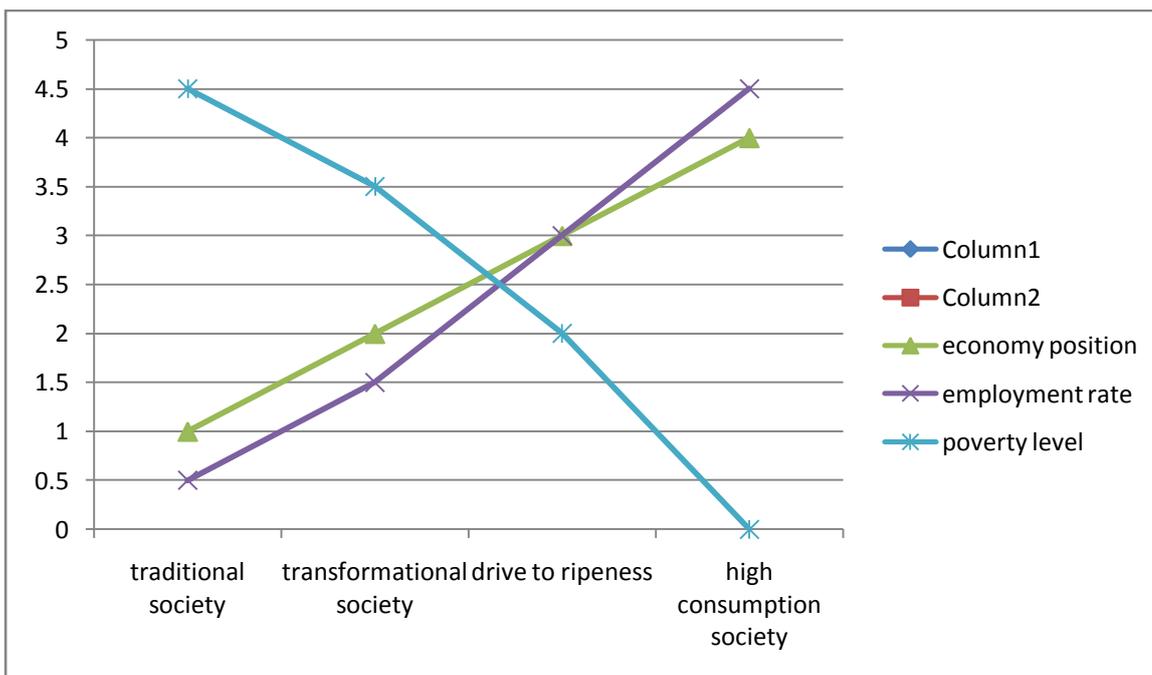
- iii) The development process results in increases in real national income and not mere money income
- iv) The increase in real national income (i.e. net national product) must be sustained for a prolonged period of time.
- v) Temporary increase in national income due to boom in business cycle should not be consider as economic development.

**STAGES IN ECONOMIC GROWTH:**

In my point of view(G.G) model economic growth can be classified into four stages

- Traditional society
- Transforming society ( Traditional to technological)
- Drive to ripeness
- High consumption society.

**GRAPH OF GG MODEL IN ECONOMIC GROWTH AT EVERY STAGES**



**Traditional society:**

Traditional society should not be constructed as a static society. It can increase the level of output and also make innovation in agriculture and industry. But there is ceiling output due to factors of production, localized market, absence of medium exchange, lack of development of other sectors.

**Transforming society:**

It is the second stage in which outlook of the people changes due to spread of technical knowledge. People start feeling about the possibility of economic progress. Modern science is applied in production.

The analogy in this age is to that of an aero plane which should overcome the friction by maintaining good speed and take off from the ground and fly only maintaining the critical speed.

The state may even enter into the picture and effect savings on behalf of the community through revenue surplus; deficits in the revenue budgets. The profits of public enterprises should be ploughed back into investment.

**Drive to ripeness:**

In this stage the economy can produce anything it likes and this is the characteristics of self-generating economy. Self-generating economy does mean self-sufficient economy. The economy finds the position in the international economy. Goods which were imported earlier are produced in the country and “the make-up of the economy can changes increasingly as technique improves”. Older industries level off and the new industries accelerate.

**High Consumption society:**

At this stage per capita real income is increasing. The economy demonstrates its technological and entrepreneurial superiority. It is the age of automobiles, durable consumer goods and electronic gadgets. Except the very low income strata , almost all citizens would be having enough unto spare and the society becomes “affluent”. Only U.S.A and U.K and some of the western countries have reached this stage of high mass consumption. United states was the first country to reach this stage in 1920 followed by great Britain.

**CURRENT POPULATION IN INDIA:**

- The current population of **India** is **1,335,274,397** as of Sunday, January 15, 2017, based on the latest United Nations estimates.
- India population is equivalent to **17.86%** of the total world population.
- India ranks number **2** in the list of countries (and dependencies) by population.
- The population density in India is 452 per Km<sup>2</sup> (1,169 people per mi<sup>2</sup>).
- The total land area is 2,972,892 Km<sup>2</sup> (1,147,839 sq. miles)
- **32.8 %** of the population is **urban** (439,801,466 people in 2017)
- The **median age** in India is **26.9 years**.

**VARIOUS TYPES OF WORKERS AND JOBS IN INDIA:**

**India Employed Persons**

In India, the number of employed persons refers to the number of employed in public and organized private sectors. This page provides - India Employed Persons - actual values, historical data, forecast, chart, statistics, economic calendar and news. India Employed Persons - actual data, historical chart and calendar of releases

ACTUAL	PREVIOUS	HIGHEST	LOWEST	DATES	UNIT	FREQUENCY
29650.00	28999.00	29650.00	17491.00	1971-2012	Thousand	Yearly

**Classification of workers as per their jobs**

<b>PINK COLLAR WORKER</b>	Working in service industry
<b>BLUE COLLAR WORKER</b>	Skilled or unskilled manual Labour
<b>WHITE COLLAR WORKER</b>	Managerial or administrative officer
<b>BLACK COLLAR WORKER</b>	Worker in mining or oil industry
<b>GOLD COLLAR WORKER</b>	Lawyer, doctors, research, scientist
<b>GREY COLLAR WORKER</b>	IT employees
<b>OPEN COLLAR WORKER</b>	Work perform via Internet
<b>GREEN COLLAER WORKER</b>	People who are work in energy sources

And entrepreneurs are also treated as the employed one.

**HOW TO BALANCE UNDERDEVELOPED AND DEVELOPING AREA IN INDIA?**

In simple words it is called Balanced Regional Development. It is the only way to make our India as a developed country.

Following are the things would help to make the underdeveloped area as a developing area.

**Proper Employment opportunities:** Government should create the proper employment opportunities to the people in the rural area. The main reason for underdeveloped is there is no proper working platform the peoples or they would earn the minimum level of salary which is not sufficient to the family.

**Abolishing poverty:** It would be done only by creating the employment opportunities to the people. At least one person in the family should undergone for the work to relive from the poverty

**Providing proper education facilities:** It plays vital important role to abolish the creation of poverty for the future period of times. Because a best education can gives every thing to the people. It helps to increase the standard of living of the people

**Creating awareness regarding developing the area:** Have to create awareness between the people to develop the area such as usage of banks, clean India etc. It helps people to adopt the good things which are favour to our country.

**Providing proper medical facilities:**Medical facilities are very much important to each and every area. Presence of medical facility sometimes very much help full to the human to save the life.

**Communication facilities:**Proper communication facilities are very much important to the people who are in very much back ward areas.Such as television, newspaper are very much help full to the people to update about the country details

**Starting of industries:** Even Industries help to develop the area. It can make or help to attain the balanced regional development. Government should concentrate to open the industries in backward areas.

Above are some of the points were clearly explains about the balanced regional development. It is only very few points. Many of the things are there to attain the development. Above explained points are basic things should have in the rural areas.



**CONCLUSION:**

A developing economy faces many crucial and embarrassing problems in the process of development. In backward economy it will not be a problem to frame the solutions to make them rich and power full, but the real problem will be the new ones arising during course of development. Above the essay clearly explains about the under development and its reasons. Second half of the article clearly explains about the economic growth and its stages. Finally article concluded with some of the suggestions to attain the balanced regional development.

**REFERENCES:**

- Indian economy S.Sankaranmargam publications
- [www.tradingeconomics.com](http://www.tradingeconomics.com)
- [planningcommission.nic.in](http://planningcommission.nic.in)
- Business economics S.SankaranMargam publications
- Economics for business John sloman, mark Sutcliffe third edition pearson
- Economics analysis Dr.GeethakesavarajDr.G.Hemapriya Thakur publishers